

Why Get a Federal Student Loan?

While every student wants free money in the form of scholarships and grants, not everyone can get enough free money to cover the entire cost of college or career school.

If you've filled out your FAFSASM and your school has offered you federal student loans (your school might call them Stafford Loans, Direct LoansSM, or Perkins Loans), here are some things to consider:

- You don't have to start paying back your federal student loans until you graduate or stop attending school at least half-time. (For most federal student loans, you'll be able to wait several months after leaving school before your first payment is due.) If you get a private loan, you'll probably have to start making payments right away.
- The interest rate on a federal student loan is almost always lower than that on a private loan—and much lower than that on a credit card!
- Students with greater financial need might qualify to have the government pay their interest while they are in school.
- You don't need a credit record to get a federal student loan.
- You don't need a cosigner to get a federal student loan.
- Federal student loans offer a variety of repayment plans, including one that bases monthly payments on the borrower's income.
- Some borrowers are able to have at least a portion of their loans forgiven if they work in certain jobs for which there is a high demand.

As you can see, a federal student loan is a much better option than a private loan or a credit card. However, do remember that you are responsible for repaying your loan, so don't borrow more than you need for school-related expenses. And if you find you're going to have trouble making your payments, be sure to get in touch with your loan servicer as soon as possible to see what arrangements can be made. If you don't repay your loan, your credit record will be affected, and you might not be able to buy a car, get credit cards, or get certain types of jobs.

For more information about the types of federal student loans, repayment options, and what happens if you don't make your payments on time, check out our guide called *Your Federal Student Loans*. Read the guide online at www.studentaid.ed.gov/repayingpub or order a copy of the booklet from www.edpubs.gov.

Have questions about student loans? Call the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)** or **1-800-730-8913** (TTY for the hearing impaired). A college financial aid office also can help you.

